

Message Text

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ACTION AF-18

INFO OCT-01 EUR-25 NEA-10 ISO-00 OMB-01 DRC-01 CIAE-00

DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14 EB-11

INT-08 COME-00 TRSE-00 SCI-06 SCEM-02 AID-20 CIEP-02

STR-08 CEA-02 OPIC-12 /237 W
----- 079946

R 091035Z DEC 73

FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 0795

INFO USINT ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE

C O N F I D E N T I A L TRIPOLI 1526

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJECT: MAJORS' FILING OF TAX RETURNS FOR SEPTEMBER 1973

1. MAJORS HAVE NOW BEEN REQUIRED TO FILE TAX RETURNS FOR SEP-
TEMBER PRODUCTION WHICH ARE BASED UPON PETROLEUM
LAW NO. 66 (LARG HAS, AT LAST, NUMBERED THE SEPTEMBER 1,
1973 NATIONALIZATION DECREE). COMPANIES ARE
COMPLYING, BUT ARE FILING LETTERS OF PROTEST WITH
THEIR TAX RETURNS.

2. COMMENT: DETERIORATION OF MAJORS' POSITION IN THE
GULF AND THE WIDE OPEN "LIDS OFF" PETROLEUM PRICE
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SITUATION HAVE APPARENTLY ERODED MAJORS' MOTIVATION

AND RESOLVE TO RESIST LARG 51 PER CENT NATIONALIZATION TO A SIGNIFICANT DEGREE. EVEN THOUGH THEY DOING SO UNDER PROTEST, SEEMS TO US THAT THE MAJORS HAVE NOW ACCEPTED DE FACTO THE MOST IMPORTANT PROVISIONS OF THE 51 PER CENT NATIONALIZATION DECREE, I.E. LARG LIFTING OF NEARLY ALL ITS CLAIMED 51 PER CENT OF MAJORS' PRODUCTION, AND COMPANIES' PAYMENT OF TAXES ACCORDNGLY-BOTH IN THE ABSENCE COMPENSATION OR ARBITRATION. LARG IS GETTING WHAT IT WANTS OUT OF "UNANNOUNCED TRUCE" AND IN RETURN MAJORS ARE ONLY GETTING A) 49 PERCENT OF THEIR PRODUCTION AND B) CONSIDERABLY HIGHER ALLOWABLES FOR TOTAL PRODUCTION THAT THE INDEPENDENTS THAT ACCEPTED LARG "PARTICIPATION" (TRIPOLI 1440). NEITHER OF THESE BENEFITS IS ASSURED, HOWEVER, AND THE LARG WILL PROBABLY ESCALATE ITS DEMANDS ON THE MAJORS SOON--E.G. BY REQUIRING THEM TO RETURN UNUSED CONCESSION ACREAGE -- AND ULTIMATELY IS LIKELY TO REPLACE THE MAJORS ALTOGETHER, WITHOUT COMPENSATION.

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Message Attributes

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Disposition Date: 28 MAY 2004
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EO Systematic Review
30 JUN 2005

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Review Withdrawn Fields: n/a
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To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005